
2014 KING COUNTY
MID-BIENNIAL UPDATE
APPENDIX

Use this page for notes.

INTRODUCTION

The majority of organizations in King County have adopted budgets for the 2013 / 2014 biennium. All agencies with biennial budgets conducted a mid-biennial review process in 2013. This process included updating revenue and expenditure assumptions and determining whether there was significant policy or financial issues that needed to be addressed in a mid-biennial adjustment update. The majority of agencies determined that they did not need a mid-biennial adjustment.

Due to significant policy and/or financial issues, the Executive is proposing to make mid-biennial adjustments for the following appropriation units:

- Children and Family Services Community Services - Operating
- Children and Family Services Transfers to Community and Human Services
- Veterans and Family Levy
- Employment and Education Resources
- Mental Illness and Drug Dependency Fund
- District Court MIDD
- Jail Health Services MIDD
- Cultural Development Authority
- Historic Preservation and Historical Programs Fund
- Department of Natural Resources and Parks Administration
- Risk Management
- Wastewater Treatment Capital Program Budget

The detail regarding these proposals is contained in the following pages.

COMMUNITY & HUMAN SERVICES

Mission:

Community & Human Services

Seeks to enhance the quality of life, protect rights and promote self-sufficiency of our region's diverse individuals, families and communities.

OVERVIEW

The Department of Community and Human Services (DCHS) is responsible for the delivery and management of a broad array of programs and services that help the county's most vulnerable residents achieve and maintain healthier and more independent lives. The department provides a wide range of services, with a special focus on in five key areas: prevention and early intervention services, treatment, ending homelessness, job training and employment services, and criminal justice services such as alternatives to incarceration.

Services within these key program areas include: services and programs for infants and toddlers with developmental delays; supported employment for youth and adults with developmental disabilities; alcohol and drug prevention and treatment; homeless housing and services; housing and community development capital projects; recovery-focused mental health treatment programs; veterans' and community services; and employment and education resources. In addition to these services, the department is responsible for the oversight and management of the revenues from the Veterans and Human Services (VHS) Levy, the Mental Illness and Drug Dependency (MIDD) sales tax, the coordination of the Committee to End Homelessness and the implementation of the Ten-Year Plan to End Homelessness in King County.

Department Organization and Budget

The Department is organized into 13 operating appropriation units and 12 funds and it became one of the new biennial budgets for the 2013 / 2014 Adopted Biennial Budget, which provided it with 24 months of appropriation authority. For the 2013 / 2014 Proposed Mid-Biennial Update, five appropriation units within four funds are updated. The following table shows the mid-biennial status of each appropriation unit within DCHS.

Status	Appropriation Unit	Fund
Opened	Community Services Operating (CSO)	Children and Family Services (CFS)
Opened	Employment and Education Resources (EER)	Education and Employment Resources (EER)
Opened	Children and Family Services Transfer to Human Services	Children and Family Services (CFS)
Opened	MIDD	MIDD
Opened	Veterans and Families Levy	Veterans and Families Levy
Closed	Alcoholism and Substance Abuse	Alcoholism and Substance Abuse
Closed	DCHS Administration	DCHS Administration
Closed	Developmental Disabilities	Developmental Disabilities
Closed	Federal Housing and Community Development (FHCD)	Federal Housing and Community Development (FHCD)
Closed	Housing Opportunity Fund (HOF)	Housing Opportunity Fund (HOF)
Closed	Human Services Levy	Human Services Levy
Closed	Mental Health	Mental Health
Closed	Veterans Services	Veterans Services

For detailed descriptions of DCHS' divisional structure and the funds that supply resources to each division, please refer to the Health and Human Potential section of the 2013 / 2014 Proposed Biennial Budget book narrative. In addition, overviews of the Department's total funding, revenue sources and staffing summaries can be found in the same section of that narrative.

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

For DCHS there are three main issues to highlight for this mid-biennial budget update, including a significant loss of revenues for the Employment and Education Resources (EER) fund, the development of a Regional Veterans Initiative program with Veterans and Families Levy funding, and an updated forecasted deficit for the MIDD fund. The details of each budget change are described below.

Change Drivers

Employment and Education Resources (EER) Revenue Loss

A combination of multiple funding challenges has impacted the EER appropriation unit, and it can no longer maintain its past staffing and services levels. The primary changes include the loss of \$870,000 of Workforce Investment Act (WIA) funding that forced the elimination of five FTE in the second half of 2013, the loss of 15 seats occupied by partner service providers that resulted in a reduction of \$260,000 in annual revenue in 2012 and 2013, and some mid-2013 restrictions of allowable expenses from the Workforce Development Council that meant a loss of \$211,000 in administrative and overhead revenue. A further complicating pressure on the fund is the current lease agreement for the one-stop WorkSource Renton facility, which lasts until 2017.

The EER Fund must make some immediate reductions, find efficiencies and receive some County General Fund support in order to retain its one-stop facility in Renton. The Department and EER program staff will also work with the Executive Office to conduct a facility and program services evaluation of its one-stop facility model for the 2015 / 2016 Biennial Budget planning.

Regional Veterans Initiative (RVI)

In the February 2013 State of the County address, the Executive announced the launch of the RVI, which is designed to increase coordination of and access to services for all King County veterans and their families. Executive Office and DCHS outreach to County resident veterans and veterans' service providers confirmed the need to improve the coordination of veterans' services systems within the region in order to ensure that veterans and their families are able to get access to the resources that can help them realize their full potential.

The Executive Office worked with DCHS and a special advisory panel of distinguished local veterans and other regional leaders to develop the RVI plan. The RVI plan aligns with the Health and Human Services Transformation plan for improved coordination and collaboration of health and human services. The Health and Human Services Transformation plan was proposed by the Executive and recently accepted by motion by the County Council.

MIDD Fund Projected Deficit

The 2013 / 2014 Proposed Budget forecasted a \$7.9 million gap in the MIDD fund by the end of 2014. The MIDD Fund outlook has significantly improved since the Executive's 2013 / 2014 Proposed Biennial Budget due to a combination of improved revenues and 2012 under spending. The current proposal to balance the fund in 2014 includes efficiencies and healthcare reform changes totaling just over \$2.1 million in reduced expenditures over the biennium.

MIDD was directed by the County Executive to evaluate supplantation programs in addition to base programming in order to determine where reductions could be made. DCHS staff worked with all of the supplantation agencies to evaluate programs, which was a more limited report than core MIDD strategy evaluations due to the limited time, lack of evaluative expectations and limited evaluation resources. For most of the supplantation programs the findings were that clients were receiving valuable services and experiencing positive outcomes.

After the evaluation of the MIDD programs, a prioritization subcommittee of the MIDD Oversight Committee met to suggest a plan to recommend options to the Executive for addressing the 2014 funding gap. The plan developed and then proposed by the Oversight Committee included anticipated savings from Medicaid Expansion, updated spending assumptions, efficiencies and the proposal to keep all contracts and County spending at 2013 levels. All of those recommendations were accepted by the Executive except the last item. Due to previously negotiated agreements with its unions, the County is obligated to provide cost of living increases as defined by the current union contracts. No substantive program or service reductions are needed to balance the budget in 2014.

Community Services – Operating

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

The total 2013 / 2014 Adopted Budget for Community Services Operating (CSO) is \$9,549,263 with 12.50 FTEs. If adopted, this mid-biennial adjustment appropriation combined with other mid-biennial adjustment actions would bring the total 2013 / 2014 Adopted Budget to \$10,363,287 and 12.50 FTEs.

Direct Service Adjustments

Adds to Domestic Violence and Sexual Assault Treatment Programs

2014 - \$400,409 Expenditure / \$400,409 Revenue

This is funding in 2014 that continues funding from 2013, and will be used to support programming with 16 providers that provide services for survivors of domestic violence and sexual assault.

Legal Support Service Continuation of 2013 Additions

2014 - \$223,091 Expenditure / \$223,091 Revenue

This is funding in 2014, that continues the funding from 2013, and will be used to support five contracts that provide legal assistance programs.

Children & Family Services Transfer to Human Services

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

The total 2013 / 2014 Adopted Budget for the Children and Family Services (CFS) Transfer to Human Services is \$3,836,202. If adopted, this mid-biennial adjustment appropriation combined with other mid-biennial adjustment actions would bring the total 2013 /2014 Adopted Budget to \$7,910,702.

CFS Transfers

Employment and Education Resources Program – Total transfer from CFS – \$3,966,620, up from \$1,212,892 in 2011.

Housing Opportunity Fund – Total transfer from CFS – remains at \$229,981.

Administrative Changes

Additional EER Transfer of General Fund and Additional Sales Tax 2014 - \$482,500

This proposal transfers additional funding to the Employment and Education Resources fund to support base programming that was previously supported by external revenue. This is made up of \$382,500 of General Fund Transfer revenue and \$100,000 of CFS sales tax revenue forecasted above budget projections.

**2013/2014 Mid-Biennial Financial Plan
Children and Family Services Fund / 000001421**

Category	2012 Actual ¹	2013 Adopted ²	2014 Adopted ²	2013 Estimated ³	2014 Estimated ³	2015 Projected ⁴	2016 Projected ⁴
Beginning Fund Balance	1,460,912	1,245,015	603,549	1,281,498	845,379	309,904	173,811
Revenues							
Sales Tax ⁵	3,804,045	3,852,687	3,935,924	4,019,027	4,209,001	4,389,914	4,584,836
Interest Rate ⁶	3,906	2,186	2,186	6,170	4,254	2,888	1,451
Parking Garage Fees ⁷	629,565	655,623	670,112	640,645	654,868	669,864	685,673
General Fund Transfer to Human Services	2,149,708	2,401,172	1,130,283	2,604,044	2,012,283	1,629,783	1,629,783
Interfund Transfer For Community Services Division (CSD)							
Admin/Overhead	907,389	935,472	964,378	935,472	964,378	994,177	1,024,897
Marriage License Fee ⁸	213,960	210,300	210,300	210,300	210,300	210,300	210,300
Divorce License Fee ⁸	31,190	35,000	35,000	35,000	35,000	35,000	35,000
Mental Illness Drug Dependency (MIDD) Fund Transfer	362,000	362,000	362,000	362,000	362,000	-	-
Interfund Transfer For Unincorporated Area Council (UAC)	329,888	-	-	-	-	-	-
Other Misc. Transfer	117,674	-	-	-	-	-	-
City of Seattle - Winter Shelter Extension				37,653			
Total Revenues	8,549,325	8,454,440	7,310,183	8,850,312	8,452,083	7,931,926	8,171,940
Total Biennial Revenues			15,764,623		17,302,395		16,103,866
Expenditures							
Community Services - Operating	(2,117,483)	(2,391,559)	(2,448,100)	(2,391,559)	(2,448,100)	(2,497,062)	(2,547,003)
Community Services - Contract Service	(2,897,155)	(2,990,246)	(1,719,357)	(3,180,771)	(2,342,857)	(1,968,857)	(1,968,857)
Transfer to EER ⁹	(3,484,120)	(1,713,120)	(1,663,120)	(3,484,120)	(3,966,620)	(3,372,120)	(3,372,120)
Transfer to HOF	(229,981)	(229,981)	(229,981)	(229,981)	(229,981)	(229,981)	(229,981)
Total Expenditures	(8,728,739)	(7,324,906)	(6,060,558)	(9,286,431)	(8,987,558)	(8,068,020)	(8,117,961)
Total Biennial Expenditures			(13,385,464)		(18,273,989)		(16,185,981)
Estimated Underexpenditures							
Other Fund Transactions							
Anticipated Adjustment ⁹		(1,771,000)	(1,821,000)				
Total Other Fund Transactions	-	(1,771,000)	(1,821,000)	-	-	-	-
Total Biennial Other Fund Transactions			(3,592,000)		-		-
Ending Fund Balance	1,281,498	603,549	32,174	845,379	309,904	173,811	227,789
Reserves							
Rainy Day Reserves @ 30 days of expenditures ¹⁰		(224,120)	(236,757)	(199,297)	(204,008)	(208,089)	(212,250)
Total Reserves	-	(224,120)	(236,757)	(199,297)	(204,008)	(208,089)	(212,250)
Reserve Shortfall			204,583	-	-	34,278	-
Ending Undesignated Fund Balance	1,281,498	379,429	-	646,082	105,896	-	15,539

Financial Plan Notes:

¹ 2012 Actuals are taken from 2012 Adjusted EBS general ledger reports.

² 2013 and 2014 Adopted is based on Council Adopted Budget Ordinance 17476.

³ 2013 and 2014 Estimated reflects known changes to revenues and requested changes to expenditures in Omnibus Supplemental Ordinance 17619 and through this mid-biennial budget update request.

⁴ 2015 and 2016 Projected revenues and expenditures are based on the August 2013 Office of Economic and Financial Analysis (OEFA) forecast and prior year budget.

⁵ Sales Tax is based on August 2013 OEFA Forecast projection and Consumer Price Index (CPI).

⁶ Interest earning is calculated using an average fund balance and August 2013 OEFA Forecast projection on Investment Pool Nominal Rate of Return.

⁷ Parking Garage Fee is based on CPI.

⁸ Marriage License and Divorce License Fees are based on August 2013 OEFA Forecast and Records and License Department projections.

⁹ Transfer to Employment and Education Resources (EER) in 2013 and 2014 is due to technical error in the Council Adopted Budget Ordinance 17476 and the corrections made in Omnibus Supplemental Ordinance 17619. In addition, 2014 Transfer to EER includes additional transfers requested in this mid-biennial budget

¹⁰ In lieu of computing a rainy day reserve based simply on 30 days of the CFS fund annual adopted budget, DCHS/CSD proposes to take into account and remove various one-time and limited duration expenditures (such as general fund and MIDD funded programs and CFS pass-through dollars to the HOF and EER funds plus CSD Admin/Overhead transfer) from its adopted budget total, in computing its 30 day reserve goal/target. The rainy day reserve will serve to reduce and minimize disruptions to CFS programs and services in the event of unexpected revenue shortfalls.

Veterans and Family Levy

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

The 2013 / 2014 Adopted Budget for Veterans and Family Levy is \$19,360,630 and 11 FTEs and 3.00 TLTs. If adopted, this mid-biennial adjustment appropriation, combined with other mid-biennial adjustment actions would bring the total 2013 / 2014 Adopted Budget to \$19,777,077 and 11 FTEs and 5.00 TLTs.

Direct Service Adjustments

Regional Veterans Initiative (RVI) Implementation

2014 - \$388,447 / 2.00 TLTs

This proposal funds the additional staffing costs associated with the implementation of the Regional Veterans Initiative (RVI) Action Plan. The two-year temporary Veterans Services Network Coordinator and Project/Program Assistant will be responsible for leading the implementation of the action steps. The proposal also includes funding for training workshops and public awareness communications. This proposal will be funded using fund balance realized from 2012 under-expenditures.

Continuation of the HERO Internship Program

This proposal is to continue the HERO Internship programming at the 2013 funding level of \$100,000. This program is administered through the Employment Education and Resources Fund out of existing expenditure authority. The HERO program offers paid County internships to qualified veterans, along with support services tailored to men and women re-entering the civilian workforce or joining for the first time.

Technical Adjustments

Revenue Adjustment

2013 – \$24,128 Revenue

2014 – (\$41,901) Revenue

This is a technical adjustment aligning projected revenues.

**2013/2014 Mid-Biennial Financial Plan
Veterans and Family Levy Fund / 000001141**

Category	2012 Actual ¹	2013 Adopted ²	2014 Adopted ²	2013 Estimated ³	2014 Estimated ³	2015 Projected ⁴	2016 Projected ⁴
Beginning Fund Balance	6,574,743	3,262,160	1,811,676	3,898,587	2,436,388	812,689	455,385
Revenues							
Veterans and Family Levy Millage ⁵	8,129,633	8,180,868	8,415,994	8,204,996	8,374,093	8,647,731	8,943,990
Interest Earnings ⁶		11,304	11,304	14,181	7,211	6,002	7,437
Veterans Service Shared Resource ⁷		45,349	45,349	45,349	45,349	45,349	45,349
Total Revenues	8,129,633	8,237,521	8,472,647	8,264,526	8,426,653	8,699,082	8,996,776
Total Biennial Revenues			16,710,168		16,691,179		17,695,858
Expenditures							
Administration	(398,134)	(399,530)	(422,837)	(410,250)	(412,117)	(432,387)	(447,200)
Board Support	(70,455)	(60,583)	(62,853)	(60,583)	(62,853)	(70,264)	(66,507)
Services and Capital	(10,337,200)	(9,227,892)	(9,186,935)	(9,227,892)	(9,186,935)	(8,160,742)	(8,439,092)
First Omnibus Supplemental Additional Expenditure ⁸				(28,000)			
Mid Biennial Request-Regional Veterans Initiative ⁹					(388,447)	(392,993)	
Total Expenditures	(10,805,789)	(9,688,005)	(9,672,625)	(9,726,725)	(10,050,352)	(9,056,386)	(8,952,799)
Total Biennial Expenditures			(19,360,630)		(19,777,077)		(18,009,185)
Estimated Underexpenditures							
Other Fund Transactions							
Total Other Fund Transactions	-	-	-	-	-	-	-
Total Biennial Other Fund Transactions			-		-		-
Ending Fund Balance	3,898,587	1,811,676	611,698	2,436,388	812,689	455,385	499,362
Reserves							
Rainy Day Reserves @ 60 days of expenditure ¹⁰		(1,614,668)	(1,612,104)	(1,621,121)	(1,675,059)	(1,509,398)	(1,492,133)
Total Reserves	-	(1,614,668)	(1,612,104)	(1,621,121)	(1,675,059)	(1,509,398)	(1,492,133)
Reserve Shortfall		-	1,000,406	-	862,370	1,054,013	992,771
Ending Undesignated Fund Balance	3,898,587	197,008	-	815,267	-	-	-

Financial Plan Notes:

¹ Actuals are based on 2012 Adjusted EBS GL reports.

² 2013 and 2014 revenues and expenditures are based on Council Adopted Budget Ordinance 17476.

³ Estimated reflects known changes to revenues and requested changes to expenditures, as well as Omnibus Supplemental Ordinance 17619.

⁴ 2015 and 2016 revenues and expenditures are based on August 2013 OEFA Forecast and Council adopted Service Improvement Plan (SIP) through Ordinance 17232 and 17407.

⁵ Veterans and Family Levy Millage is estimated in 2013-14 and projected in 2015-16 based on August 2013 OEFA Forecast projection on Veterans and Human Services Lid Lift Forecast.

⁶ Interest earnings is calculated using an average fund balance and August 2013 OEFA Forecast projection on Investment Pool Nominal Rate of Return.

⁷ Veterans Service Shared Resources is based on estimated transfer of administrative costs shared with Veterans Services (RCW) Fund.

⁸ Additional expenditure authority on 2012 carry forward contract services for City of Seattle PEARL is adopted through Ordinance 17619.

⁹ Regional Veterans Initiative is a project to create stronger regional partnerships and coordination of services for veterans and their families. The additional authority is requested through the Mid-Biennial Update. 2015 funding source will be revisited in the 2015/2016 Budget process.

¹⁰ The Rainy Day Reserve is based on 60 days of the fund's annual expenditures. This fund plans to build up to the full reserve amount by program management throughout the life of the levy ending in 2017.

Employment and Education Resources

The 2013 / 2014 Adopted Budget for Employment and Education Resources (EER) is \$23,431,574 and 55.28 FTEs and 1.0 TLT. If adopted, this mid-biennial adjustment appropriation would bring the total 2013 / 2014 Adopted Budget to \$22,355,196 and 43.28 FTEs and 1.00 TLT.

Direct Service Changes

Vacancy Reduction

2014 – (\$198,700) / (2.00) FTE

This proposal reduces two vacant case management positions.

Reduction of Juvenile Justice Intervention Program

2014 – (\$164,300)

This proposed reduction will reduce contract funding that supports the Juvenile Justice Intervention Program. The umbrella RFP for this program funding will be reduced, likely resulting in fewer youth being served.

Reduction of Five FTEs in 2013 / 2014

2013 – (\$219,814) / (5.00) FTE

2014 – (\$452,817)

This represents the reduction of five filled FTE positions that were eliminated in the second half of 2013 due to reduction in Workforce Investment Act (WIA) grant revenue. This reduction includes one Administrative Assistant III, one Customer Service Representative III, two Social Workers and one Occupational Education Coordinator. The current workload will be absorbed by existing staff, however, the change will result in a higher client: staff ratio which could have a direct impact on service quality and performance outcomes. The grant revenue reduction is shown in the revenue adjustment.

Net Increase in Contracted Services

2013 - \$776,493

2014 - \$584,444

This is an increase in several primarily revenue backed contract services that were secured after the 2013 / 2014 Proposed Budget.

Administrative Changes

Vacancy Contingency Reduction

2013 – (\$568,125) / (5.00) FTE

2014 – (\$506,649)

This proposal reduces 5.00 Social Worker vacancies that were held as a contingency for new grant supported programming.

Operating Expense Contingency Reduction

2013 – (\$391,442)

2014 – (\$282,790)

This proposal reduces non-staffing operating and overhead expenses that were held in the budget as a contingency for new grant supported programming.

Technical Adjustments**Revenue Adjustment****2013 – (\$939,640) Revenue****2014 – (\$1,638,807) Revenue**

This is a technical adjustment aligning projected revenues.

Replacement Revenue to Support WorkSource Renton Shared Costs**2014 – \$382,500 Revenue**

This is one-time General Fund support for EER programming including shared support costs at the WorkSource and YouthSource facility. This request partially replaces lost revenue over the biennium.

Replacement Revenue to Support WorkSource Renton Shared Costs**2014 – \$100,000 Revenue**

This is one-time CFS support for EER programming including shared support costs at the WorkSource and YouthSource facility. This request partially replaces lost revenue over the biennium.

2012 Contract Carry-over**2013 – \$ 347,429**

This is a technical adjustment that carries over contracts from the 2012 budget.

2013/2014 Mid-Biennial Financial Plan
Employment and Education Resources (EER) Fund / 000002240

Category	2012 Actual ¹	2013 Adopted ²	2014 Adopted ²	2013 Estimated ³	2014 Estimated ³	2015 Projected ⁴	2016 Projected ⁴
Beginning Fund Balance	39,284	55,854	56,069	977,472	93,506	105	-
Revenues							
- Youth Training	4,264,728	3,136,112	3,136,112	2,721,166	2,655,613	2,655,613	2,655,613
- Children and Family Services (CFS) Transfer ⁵	3,484,120	3,484,120	3,484,120	3,484,120	3,584,120	3,484,120	3,484,120
- Adult Training	4,414,367	5,116,656	5,116,656	4,591,962	3,958,348	3,958,348	3,958,348
- General Fund (via CFS pass-through) ⁵					382,500		
Total Revenues	12,163,215	11,736,888	11,736,888	10,797,248	10,580,581	10,098,081	10,098,081
Total Biennial Revenues			23,473,776		21,377,829		20,196,162
Expenditures							
- Youth Training	(7,241,123)	(7,592,938)	(7,457,621)	(7,592,938)	(7,457,621)	(5,981,125)	(5,981,125)
- Adult Training	(3,983,904)	(4,143,735)	(4,237,280)	(4,143,735)	(4,237,280)	(4,692,857)	(4,692,857)
- Mid-Biennial Update Request ⁶				55,459	1,020,919		
- Additional Wages, Benefits & Rents ⁷						(148,106)	(350,667)
- Est. Saving from Workstation Reduction ⁸						91,000	91,000
- Reductions needed to balance ⁵						632,902	835,568
Total Expenditures	(11,225,027)	(11,736,673)	(11,694,901)	(11,681,214)	(10,673,982)	(10,098,186)	(10,098,081)
Total Biennial Expenditures			(23,431,574)		(22,355,196)		(20,196,267)
Estimated Underexpenditures							
Other Fund Transactions							
Total Other Fund Transactions							
Total Biennial Other Fund Transactions			-		-		-
Ending Fund Balance	977,472	56,069	98,056	93,506	105	-	-
Reserves							
Rainy Day Reserve @ 30 days of expenditures ⁹		(974,575)	(974,575)	(973,435)	(889,499)	(841,516)	(841,507)
Total Reserves	-	(974,575)	(974,575)	(973,435)	(889,499)	(841,516)	(841,507)
Reserve Shortfall		918,506	876,519	879,929	889,394	841,516	841,507
Ending Undesignated Fund Balance	977,472	-	-	-	-	-	-

Financial Plan Notes:

¹ Actuals are based on 2012 Adjusted EBS GL reports.

² 2013 and 2014 Adopted is based on Council Adopted Budget Ordinance 17476.

³ 2013 and 2014 Estimates reflect known changes to revenues, which are driven by funding reductions in the Workforce Investment Act (WIA) and YouthBuild programs.

⁴ 2015 and 2016 revenue projections assume stable grant funding based on 2014 levels.

⁵ 2014 General Fund and the additional CFS support of \$100,000 is considered one-time funding. The department will continue to work with the Office of Performance, Strategy and Budget (PSB) to propose a solution in the 2015/2016 Budget.

⁶ Items proposed in the 2014 Proposed Mid-Biennial Update.

⁷ 2015 and 2016 Projections reflect increases in salary and benefit of 3.11% and 3.17% respectively per August 2013 OEFA Forecast projection on COLA and building lease.

⁸ 2015 and 2016 projections include an estimated savings from the reduction in workstations in 2014 that will be realized during the 2015/2016 central rate adjustment process.

⁹ The Rainy Day Reserve is based on 30 days of the fund's annual expenditures. This fund plans to include the build up of reserves as part of overall efficiency planning for 2014.

Mental Illness and Drug Dependency Fund

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

The MIDD Fund is made up of 10 appropriation units. In the 2013 / 2014 Proposed Biennial Budget, three of the 10 appropriation units within the fund are updated: MIDD, District Court MIDD and Jail Health MIDD.

Mental Illness Drug Dependency

The 2013 / 2014 Adopted Budget for Mental Illness and Drug Dependency (MIDD) is \$74,359,900 and 13.00 FTEs. If adopted, this mid-biennial adjustment appropriation would bring the total 2013 / 2014 Adopted Budget to \$81,319,900 and 13.00 FTEs.

Administrative Changes

MIDD Administration 2013 / 2014 Budget Reduction

2013 – (\$470,000)

2014 – (\$470,000)

This is a budget reduction to the MIDD Administration overhead budget in 2013 and 2014 to reflect historical under-spending.

Reduction in Anticipation of Medicaid Expansion

2014 – (\$865,000)

This is a reduction in programs 1a- non-Medicaid outpatient mental health and substance abuse treatment and 1c- emergency room substance abuse early intervention program. The programs will be able to be reduced due to the implementation of Medicaid expansion in 2014. This proposal does not reduce services.

Technical Adjustments

Removal of Adopted Budget Expenditure Contra

2014 – \$7,900,000

This proposal is a reversal of the \$7.9 million dollar contra in the 2013 / 2014 Adopted Budget that was used to balance the fund. Due to increased forecasted revenue projections and efficiencies found within the fund this contra is no longer necessary to balance the fund in 2014.

Revenue Adjustment

2013 – \$1,869,956 Revenue

2014 – \$1,962,221 Revenue

This is a technical adjustment aligning projected revenues.

District Court MIDD

District Court's Regional Mental Health Court (RMHC) has been fully supported by MIDD funding since 2010. RMHC was expanded in 2010 to allow cities to refer misdemeanants with mental illness to the Court with the expectation that the number of participants would roughly double. The Court has not expanded as anticipated and District Court is able to reduce its staffing and still meet the needs of Court participants.

The 2013 / 2014 Adopted Budget for the District Court MIDD is \$2,093,513 and 7.00 FTEs. If adopted, this mid-biennial adjustment appropriation would decrease the total 2013 / 2014 budget to \$1,910,721 with 6.00 FTEs.

Administrative Changes

Regional Mental Health Court Reduction

2014 – (\$182,792) / (1.00) FTE

This proposal eliminates a vacant probation officer position and loan-in labor funding equivalent to 1.0 clerk FTE from Regional Mental Health Court (RMHC) in response to current and expected reductions in caseload levels. RMHC will maintain four probation officers after this reduction.

Jail Health Services MIDD

The Psychiatric Services Array project, a Lean process improvement project undertaken by Jail Health Services (JHS) and Adult and Juvenile Detention (DAJD), has identified significant savings in how psychiatric services and housing are provided to inmate-patients in the King County jails. This includes the reduction of one FTE in JHS MIDD for 2014, allowing those MIDD funds to provide support to other activities in the fund.

The 2013 / 2014 Adopted Budget for the Jail Health Services MIDD Appropriation is \$7,720,364 and 18.75 FTEs. If adopted, this mid-biennial adjustment appropriation would decrease the total 2013 / 2014 budget to \$7,605,987 and 17.75 FTEs.

Direct Service Adjustments

Psychiatric Services Array Efficiencies

2014 – (\$114,377) Expenditure / (1.00) FTE

As a result of the Psych Services Array project, JHS identified total savings of \$570,981, primarily through more efficient processes, new protocols for providing psychiatric services, and eliminating non-value-added functions. In order to support the better provision of services to inmate-patients, JHS reinvested some staff by adding a nurse to night shift and reassigning psych evaluation specialists to provide clinical therapy and work with civil commitments. The net savings for JHS is the reduction of one FTE and \$114,000.

**2013/2014 Mid-Biennial Financial Plan
Mental Illness and Drug Dependency Fund / 000001135**

	2012 Actual ¹	2013 Adopted ²	2014 Adopted ²	2013 Estimated ^{3,4}	2014 Estimated ^{3,4}	2015 Projected ⁴	2016 Projected ⁴
Beginning Fund Balance	30,174,574	17,894,784	6,587,483	23,962,346	14,995,001	8,655,241	3,276,166
Revenues							
Taxes	44,380,717	46,110,659	47,919,660	47,736,783	49,881,881	52,384,925	55,353,204
Interest/Other ⁸	868,521	56,168	56,168	300,000	59,980	43,276	19,657
Federal Grants	-	-	-	-	-	-	-
State Grants	-	-	-	-	-	-	-
Total Revenues	45,249,238	46,166,827	47,975,828	48,036,783	49,941,861	52,428,201	55,372,861
Total Biennial Revenues			94,142,655		97,978,644		107,801,062
Expenditures							
Wages, Benefits and Retirement ⁹	(10,144,405)	(10,419,463)	(10,548,410)	(10,419,463)	(10,548,410)	(10,770,981)	(11,004,711)
Capital		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Direct Services ⁷	(40,040,158)	(45,388,717)	(45,796,568)	(45,388,717)	(45,796,568)	(47,038,900)	(47,979,678)
Intergovernmental Services	(1,276,902)	(1,615,948)	(1,518,812)	(1,615,948)	(1,518,812)	(1,579,564)	(1,642,747)
Reduction Needed to Balance Mid Biennium Update 2014			7,900,000	470,000	1,632,169	1,632,169	1,632,169
Total Expenditures	(51,461,466)	(57,474,128)	(50,013,790)	(57,004,128)	(56,281,621)	(57,807,276)	(59,044,967)
Total Biennial Expenditures			(107,487,918)		(113,285,749)		(116,852,243)
Estimated Underexpenditures	-	-	-	-	-	-	-
Other Fund Transactions							
GAAP Adjustment	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total Other Fund Transactions	-	-	-	-	-	-	-
Total Biennial Other Fund Transactions			-		-		-
Ending Fund Balance⁶	23,962,346	6,587,483	4,549,521	14,995,001	8,655,241	3,276,166	(395,940)
Reserves							
Mandated & Rate Stabilization Reserves ⁵	(4,438,072)	(4,611,066)	(4,791,966)	(4,773,678)	(4,988,188)	(5,238,493)	(5,535,320)
Rainy Day Reserve	-	(178,445)	-	23,334	-	-	-
Total Reserves	(4,438,072)	(4,789,511)	(4,791,966)	(4,750,344)	(4,988,188)	(5,238,493)	(5,535,320)
Reserves Shortfall ⁶	-	-	242,445	-		1,962,327	5,931,260
Ending Undesignated Fund Balance	19,524,274	1,797,972	-	10,244,657	3,667,053	-	-

Financial Plan Notes:

1. 2012 Actuals are based on the 2012 Adj. GL-30 Report.
2. Adopted is taken from the Budget Ordinance 17476.
3. Estimated reflects known changes to revenues and requested changes to expenditures.
4. 2013, 2014, 2015 and 2016 revenues are based on the August 2013 OEFA MIDD tax forecast.
5. The MIDD ordinance calls for a Revenue Stabilization Reserve at 10% of Sales Tax Revenue.
6. 2015 and 2016 shortfalls will need to be addressed in a future process. Supplantation Rampdown in 2015 and 2016 will also need to be addressed in a future process, and in so doing will contribute to the reduction of the 2015 and 2016 deficits.
7. Direct services expenditures are inflated by 2% in 2015 and 2016.
8. Interest for 2014, 2015, and 2016 is calculated using the OEFA Investment Pool Rate of Return Forecast.
9. Salary-related expenditures are inflated in 2015 and 2016 according to the August 2013 OEFA COLA projections.

Cultural Development Authority

The Cultural Development Authority (referred to as “4Culture”) is committed to making King County stronger by supporting residents and groups who preserve our shared heritage, and create arts and cultural opportunities for residents and visitors. Through the integration of four program areas — arts, heritage, preservation and public art — 4Culture works to: identify the needs of local communities and create unique programs that meet these needs; champion individual expression and community engagement; create and support a distinctive built environment; and work with artists and cultural organizations to offer culturally relevant solutions for our region. Activities funded by the Cultural Development Authority align with the Economic Growth and Built Environment strategies, by increasing public engagement through community outreach and contracting with local artists, and supporting local cultural programs which generate an economic return to the community.

The majority of 4Culture funding has historically been from the transfer of Hotel-Motel tax collections. Beginning in 2013, 4Culture will begin to draw down the funds in the 4Culture special account (previously known as the endowment) on an annual basis until new Hotel-Motel tax collections begin in 2021. Since the Hotel-Motel tax will no longer be transferred to 4Culture through the CDA Fund, there is no longer an appropriation needed, except for revenue collected in the end of 2012 that was transferred in the beginning of 2013.

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

The total 2013 / 2014 Adopted Budget for the Cultural Development Authority (CDA) is \$4,640,100 with no FTEs. The Proposed Mid-Biennial adjustments will increase the appropriation for the CDA to \$7,937,272. The increase primarily supports new 1% for Art contributions to capital projects and increases in the transfer of 2012 Hotel-Motel tax collections. Proposed adjustments to the 2013 / 2014 Adopted Budget are described below.

Direct Service Changes

1% For Art Contributions

2014 - \$1,967,172 Expenditure / \$1,967,172 Revenue

This revenue backed change represents an adjustment to the contribution from King County capital funds to the public art program. The adopted budget assumed total contributions of \$1.9 million over the biennium. Based on an updated review of capital projects that are moving forward, the total contribution will likely be \$3.9 million. The most significant new contributions will be \$1.97 million from Facilities Management Division for the Children and Family Justice Center Project. Additionally, the transfer includes \$220,000 in newly funded parks projects and \$300,000 from proceeds from the planned sale of the Renton Public Health Clinic.

Special Projects Adjustment

2013 - \$30,000 Expenditure / \$30,000 Revenue

This revenue backed change represents an increase in contribution from King County General Fund to 4Culture to support the Pacific Science Center. The Pacific Science Center contribution of \$30,000 was adopted in a 2013 supplemental appropriation and this change item provides the authority to transfer the funds to 4Culture.

Historic Preservation**2014 - \$100,000 Expenditure / \$100,000 Revenue**

The change item proposes the transfer of funds from the Historical Preservation and Historical Programs (HPPH) fund to 4Culture for distribution to heritage and historic preservation organizations.

Administrative Service Changes**Hotel/Motel Tax Collections Adjustment****2013 - \$1,200,000 Expenditure / \$1,200,000 Revenue**

As noted previously, the CDA will not be collecting new Hotel/Motel tax revenues until 2021. The final transfer to the CDA of 2012 collections occurred in the beginning of 2013. The original assumption of \$2,000,000 in transfer was lower than the actual transfers which totaled just under \$3,200,000.

**2013/2014 Biennial Proposed Financial Plan
CDA Fund/1170**

	2012 Actual¹	2013 Adopted	2014 Adopted	2013 Estimated²	2014 Estimated²	2015 Projected⁵	2016 Projected
Beginning Fund Balance	1,330,377	1,215,253	1,215,253	1,418,540	218,540	218,540	218,540
Revenues							
Hotel/Motel Transient ³	11,328,756	2,000,000	-	2,000,000	-	15,000,000	-
Forecast Contingency Reserve		-	200,000	-	200,000	200,000	200,000
Interest Earnings	6,744	20,000	20,000	20,000	20,000	20,000	20,000
General Fund Support	224,439	264,439	235,661	294,439	235,661	243,080	250,372
Contribution from Other Funds ⁴	563,233	1,100,000	800,000	1,100,000	2,867,172	800,000	800,000
Total Revenues	12,123,172	3,384,439	1,255,661	3,414,439	3,322,833	16,263,080	1,270,372
Total Biennial Revenues			4,640,100		6,737,272		17,533,452
Expenditures							
Appropriation for Transfer to CDA	(11,904,547)	(1,384,439)	(1,055,661)	(1,414,439)	(3,122,833)	(16,063,080)	(1,070,372)
Hotel/Motel Transfer		(2,000,000)	(200,000)	(3,200,000)			
Forecast Contingency Reserve	-				(200,000)	(200,000)	(200,000)
Total Expenditures	(11,904,547)	(3,384,439)	(1,255,661)	(4,614,439)	(3,322,833)	(16,263,080)	(1,270,372)
Total Biennial Expenditures			(4,640,100)		(7,937,272)		(17,533,452)
Estimated Underexpenditures	-			-	-	-	-
Other Fund Transactions		-	-				
Balance Sheet Adjustments	(130,461)			-	-	-	-
Total Other Fund Transactions	(130,461)	-		-	-	-	-
Total Biennial Other Fund Transactions					-		-
Ending Fund Balance	1,418,540	1,215,253	1,215,253	218,540	218,540	218,540	218,540
Reserves							
Cash Flow Reserve ⁶	(1,418,540)	(1,215,253)	(1,215,253)	-	-	-	-
Rainy Day Reserve @ 0 days of expenditures	-			-	-	-	-
Total Reserves	(1,418,540)	(1,215,253)	(1,215,253)	-	-	-	-
Reserve Shortfall	-			-	-	-	-
Ending Undesignated Fund Balance	-	(0)	(0)	218,540	218,540	218,540	218,540

Financial Plan Notes:

¹ 2012 Actuals balance to 2012 year end fund total in EBS General Ledger balance sheet.

² 2013-2014 Estimated is based on updated revenue and expenditure projections.

³ Hotel Motel tax collections are transferred through the CDA Fund to 4Culture. Beginning in 2013, 4Culture will spend down their special account. This is not appropriated.

⁴ Contributions from other funds support the 1% for Art Program, Historic Preservation, and Pacific Science Center.

⁵ Outyear projections assume inflation adjustments for the maintenance of the County's art collection and a one-time transfer of Hotel/Motel tax collections in 2015. All other revenue streams and expenditures are assumed to be flat.

⁶ The Cash Flow Reserve holds funds that have been received by or accrued to the CDA fund but not transferred yet to 4Culture. These will be transferred as part of the lodging tax reconciliation.

Historical Preservation and Historical Programs Fund

The Historical Preservation and Historical Programs (HHP) fund supports the Historic Preservation Program (HPP), which is located in the Department of Natural Resources and Parks (DNRP).

The HHP fund was created in 2010 by Ordinance 16835 in order to easily track the use of revenues generated from the \$1 recording fee surcharge. The \$1 surcharge is designated to promote historical preservation or historical programs as allowed under RCW 36.22.170.

This revenue source helps King County achieve its Economic Growth and Built Environment Objective 3: “shape a built environment that allows communities to flourish” and Objective 4: “preserve the unique character of our rural communities in collaboration with rural residents.”

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

The need for a mid-biennial adjustment for the HHP fund is due to higher than expected revenues received in 2012 and an update to forecasted revenues for 2013-2014 from the August OEFA forecast for recorded documents. These impacts will result in a projected surplus of \$350,000 by the end of 2014. This surplus will be distributed as follows:

- \$175,000 will be held in reserve in the HHP fund for use in developing a new program to rescue endangered buildings.
- \$100,000 will be transferred to the Cultural Development Authority for distribution to various heritage and historic preservation organizations
- \$75,000 will be transferred to the HPP in DNRP Admin for use on action items identified in the HPP Strategic Plan.

The 2013 / 2014 Adopted Budget for the HHP fund is \$966,402, to be transferred to the King County Historic Preservation Program within the Department of Natural Resources and Parks. If adopted, this mid-biennial adjustment appropriation would bring the total 2013 / 2014 budget to \$1,141,402.

Direct Service Adjustments

Transfer to HPP

2014 - \$75,000

This request updates the transfer from the HHP fund to the Historic Preservation Program in Fund 4040.

Transfer to the Cultural Development Authority

2014 - \$100,000

This request creates a transfer from the HHP fund to the Cultural Development Authority in Fund 1170.

Technical Adjustments

Revenue Adjustment

2013 - \$121,871 Revenue

2014 - \$113,633 Revenue

Adjusts the recording fee surcharge revenue to HHP to reflect increased estimates based on the August OEFA forecast.

2013/2014 Biennial Proposed Financial Plan
Historical Preservation and Historical Programs Fund / 1471

Category	2012 Actual ¹	2013 Adopted ²	2014 Adopted ²	2013 Estimated ³	2014 Estimated ³	2015 Projected ⁴	2016 Projected ⁴
Beginning Fund Balance	76,339	74,192	80,222	171,846	299,747	223,735	302,188
Revenues							
Charges for Services ⁵	555,691	478,244	477,942	599,915	591,376	587,123	579,260
Investment earnings, less fees	1,316	800	800	1,000	1,000	1,000	1,000
Total Revenues	557,007	479,044	478,742	600,915	592,376	588,123	580,260
Total Biennial Revenues			957,786		1,193,291		1,168,383
Expenditures							
Direct Services (transfer to HPP/Fund 4040)	(461,500)	(473,014)	(493,388)	(473,014)	(493,388)	(509,670)	(526,999)
Mid-Biennium Appropriation - Transfer to HPP					(75,000)		
Mid-Biennium Appropriation - Transfer to CDA					(100,000)		
Total Expenditures	(461,500)	(473,014)	(493,388)	(473,014)	(668,388)	(509,670)	(526,999)
Total Biennial Expenditures			(966,402)		(1,141,402)		(1,036,668)
Estimated Underexpenditures							
Other Fund Transactions							
Total Other Fund Transactions	-	-		-	-	-	-
Total Biennial Other Fund Transactions			-		-		-
Ending Fund Balance	171,846	80,222	65,576	299,747	223,735	302,188	355,450
Reserves							
Expenditure Reserves - Endangered Building Program					(175,000)	(175,000)	(175,000)
Rainy Day Reserves @ 30 days of direct services		(39,418)	(41,116)	(39,418)	(41,116)	(42,472)	(43,917)
Total Reserves	-	(39,418)	(41,116)	(39,418)	(216,116)	(217,472)	(218,917)
Reserve Shortfall							
Ending Undesignated Fund Balance	171,846	40,804	24,460	260,330	7,619	84,715	136,533

Financial Plan Notes:

¹ Actuals are taken from EBS.

² Adopted is taken from the Budget Ordinance 17476.

³ Estimated reflects 2012 actual revenues/expenditures and forecast changes to 2013/14 revenues and requested changes to 2014 expenditures.

⁴ The 2015 and 2016 growth rates for expenditures are based on the 2014 PSB Inflation Assumptions for Expenditure Growth Target of 3.3% and 3.4% respectively.

⁵ 2013 - 2016 revenues based on August 2013 OEFA forecast. Revenue estimated at 97% of forecasted documents.

Department of Natural Resources and Parks (DNRP) Administration

The Department of Natural Resources and Parks Administration (DNRP Admin) provides leadership, oversight, and support to the department's four operational divisions: Parks and Recreation, Solid Waste, Wastewater Treatment, and Water and Land Resources, as well as the King County Historic Preservation Program (HPP) and the Community Service Area Program.

DNRP Admin is organized into five main sections: Administration, Policy and New Initiatives, Public Affairs, the HPP, and the Community Service Area Program. HPP is responsible for designating and protecting significant historic and archaeological resources within the unincorporated area of King County and in 20 cities that have agreements with the county for these services. HPP is funded primarily by the \$1 document recording fee surcharge accounted for in the Historic Preservation and Historical Programs (HPHP) Fund created in 2010.

Agency staff in the HPP support and forward the countywide goal of Economic Growth and Built Environment, specifically by preserving and enhancing the unique character of our communities in collaboration with cities, tribal governments, historical societies, and residents.

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

This mid-biennial adjustment accounts for the forecasted increase in revenues in the HPHP fund that supports the HPP. \$75,000 of the surplus revenues in the HPHP fund will be distributed to the HPP to address the action items identified in its recently completed strategic plan. This distribution of the surplus revenues in the HPHP fund is consistent with the recommendation made by the citizen's advisory committee (CAC), which guided the planning effort, and the Landmarks Commission, which is responsible for designating and regulating landmarks. The planning process was a collaborative effort between HPP, the 15-member CAC, the 9-member Landmarks Commission, and several stakeholder groups. A broad segment of the heritage and historic preservation community was included in the planning effort.

The 2013 / 2014 Adopted Budget for DNRP Administration is \$12,662,285 and 27.35 FTEs and 1.0 TLTs. If adopted, this mid-biennial adjustment appropriation would bring the total 2013 / 2014 budget to \$12,737,285.

Direct Service Adjustments

HPP Strategic Plan Action Items

2014 - \$75,000 Expenditure / \$75,000 Revenue

This proposed adjustment reflects a transfer from the HPHP fund to the HPP for use on action items identified in the HPP Strategic Plan. Action items include development of a comprehensive database to house all survey and inventory data, landmark data, and legal documents; digitization of HPP legacy data; and research and preparation of high priority historic context statements which serve as the basis for evaluation of landmark properties by the Landmarks Commission.

2013/2014 Biennial Proposed Financial Plan
Solid Waste/4040

Category	2012 Actual ¹	2013 Adopted ²	2014 Adopted ²	2013 Estimated ³	2014 Estimated ³	2015 Projected ⁴	2016 Projected ⁴
Beginning Fund Balance	13,965,042	9,383,999	9,206,079	14,152,170	12,708,847	12,492,987	14,295,968
Revenues							
Net Disposal Fees ⁵	88,115,448	96,605,611	97,526,079	96,605,611	97,526,079	109,373,993	111,469,866
Moderate Risk Waste (MRW)	2,630,752	3,603,436	3,658,588	3,603,436	3,658,588	3,731,760	3,806,395
Recycling Revenues (excluding MRW)	365,357	957,722	987,065	957,722	987,065	1,011,742	1,037,339
Grants	776,539	245,000	170,000	245,000	170,000	250,000	250,000
Interest Earnings	110,073	32,487	30,978	32,487	30,978	32,005	149,861
Landfill Gas to Energy	871,693	1,116,537	1,404,346	1,116,537	1,404,346	1,468,219	1,468,219
Harbor Island Rental Income	896,540	940,570	987,598	940,570	987,598	1,036,978	1,088,827
Other Revenues	421,250	169,710	201,713	169,710	201,713	180,984	186,414
DNR Administration (0381)	5,479,679	6,209,378	6,452,908	6,446,039	6,452,908	6,581,966	6,713,605
DNR Admin (0381) Supplemental Ord.	-	-	-	40,000	-	-	-
DNR Admin (0381) Mid-biennial adjustment HPP	-	-	-	-	75,000	-	-
Total Revenues	99,667,331	109,880,451	111,419,275	110,157,112	111,494,275	123,667,647	126,170,526
Total Biennial Revenues			221,299,726		221,651,387		249,838,173
Expenditures							
SWD Operating Expenditures	(65,871,621)	(71,806,953)	(73,850,781)	(71,806,953)	(73,850,781)	(79,115,017)	(81,072,552)
Landfill Reserve fund Transfer	(7,430,500)	(9,864,198)	(10,190,704)	(9,864,198)	(10,190,704)	(10,551,859)	(11,009,408)
CERP Fund Transfer	(3,300,000)	(3,850,000)	(3,850,000)	(3,850,000)	(3,850,000)	(3,850,000)	(3,850,000)
Debt Service - Existing LTGO Debt	(4,361,000)	(9,083,765)	(13,171,650)	(9,083,765)	(13,171,650)	(18,734,448)	(21,704,322)
Debt Service - BAN Payments Anticipated ⁶	(1,096,944)	-	-	-	-	-	-
Construction Fund Transfer	(2,000,000)	-	-	-	-	-	-
Rent, Cedar Hills Landfill	(8,867,391)	(9,148,414)	(3,371,901)	(9,148,414)	(3,371,901)	(2,885,000)	(2,928,000)
Host City Mitigation	-	(95,663)	(144,543)	(95,662)	(144,543)	(146,376)	(147,438)
SWD, Supplemental Ordinance	-	-	-	(655,700)	(602,648)	-	-
SWD Encumbrance/Reappropriation	-	-	-	(836,407)	-	-	-
DNR Administration (0381)	(5,706,382)	(6,209,378)	(6,452,908)	(6,209,378)	(6,452,908)	(6,581,966)	(6,713,605)
DNR Reappropriation	-	-	-	(9,958)	-	-	-
DNR Admin (0381) Supplemental Ord.	-	-	-	(40,000)	-	-	-
DNR Admin (0381) mid-biennial adjustment HPP	-	-	-	-	(75,000)	-	-
Total Expenditures	(98,633,838)	(110,058,371)	(111,032,487)	(111,600,435)	(111,710,135)	(121,864,666)	(127,425,325)
Total Biennial Expenditures			(221,090,858)		(223,310,570)		(249,289,991)
Estimated Underexpenditures							
Other Fund Transactions							
SWD Reappropriation & Encumbrances	(836,407)	-	-	-	-	-	-
DNR DO Reappropriation	(9,958)	-	-	-	-	-	-
Total Other Fund Transactions	(846,365)	-	-	-	-	-	-
Total Biennial Other Fund Transactions			-		-		-
Ending Fund Balance	14,152,170	9,206,079	9,592,867	12,708,847	12,492,987	14,295,968	13,041,169
Reserves							
Rainy Day Reserves @ 45 days	-	(8,975,869)	(9,231,348)	(9,162,383)	(9,306,679)	(9,889,377)	(10,134,069)
Total Reserves	-	(8,975,869)	(9,231,348)	(9,162,383)	(9,306,679)	(9,889,377)	(10,134,069)
Reserve Shortfall	-	-	-	-	-	-	-
Ending Undesignated Fund Balance	14,152,170	230,210	361,519	3,546,465	3,186,308	4,406,591	2,907,100

Financial Plan Notes:

¹ Actuals are taken from Oracle on April 29, 2013.

² Adopted is taken from the Budget Ordinance 17476.

³ Estimated reflects anticipated changes to revenues and requested changes to expenditures.

⁴ Outyears are based on forecasted expenditures and revenues.

⁵ Revenue is based on forecasted disposal tonnage of 821,600 in 2012, 816,200 in 2013 and 824,300 in 2014.

⁶ Interest only payments (a.k.a BAN payments) on new debt issuance for 2012 by the division will be finance as conventional long term debt in future years.

Risk Management

The Office of Risk Management (ORM) within the Department of Executive Services (DES) investigates and resolves citizen claims in a prompt, efficient and equitable manner and maintains financial policies and practices to meet anticipated program financing needs while protecting the County's assets from loss and assisting County agencies in controlling and minimizing liability loss exposures.

In alignment with the King County Strategic Plan, ORM supports the goal of Financial Stewardship by adherence to conservative financial practices, such as funding reserves on an incurred basis and allocating the cost of risk across County agencies based on loss history. Through sound financial management, ORM aims to maintain the long-term strength of the insurance fund and by extension, King County's long-term fiscal strength.

ORM proposes to implement an Enterprise Risk Management program countywide, which will achieve greater management consensus for risk taking and risk avoidance and improve risk management competencies throughout the county for maximum resiliency and service sustainability. Enterprise Risk Management is a recognized best practice, with proactive involvement by ORM and the risk owners to assess, manage and respond to risks, and includes accountability across departments and integration into organizational, strategic and business planning processes. The 2013 / 2014 Adopted budget for the Office of Risk Management is \$62,919,790 with 20 FTEs. The 2014 mid-biennial adjustment proposes an addition of one position (1 FTE) to serve as an Enterprise Risk Management Analyst to aid in implementation of the Enterprise Risk Management Program as well as to provide additional loss control services. This aligns with some of the recommendations that came out of the Line of Business work, and addresses some recent audit findings and recommendations from 2013.

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

The 2013 / 2014 Adopted Budget for the Insurance Fund is \$62,919,789 and 20 FTEs. If adopted, this mid-biennial adjustment appropriation would bring the total 2013 / 2014 budget to \$63,040,623. The major components of the Office of Risk Management 2013 / 2014 base budget expenditures are \$36.2 million for claims funding requirements based on the actuary's recommendation, and \$15.6 million for insurance premiums for a total of \$51.8 million, or 82 percent of the total budget. The remaining \$11.1 million is for ORM operating expenditures and claims administration costs.

Administrative Service Change

Enterprise Risk Management Analyst

2013 - \$0

2014 - \$120,834 / 1.00 FTE

As part of the Enterprise Risk Management plan, ORM requests funding for an analyst to implement Enterprise Risk Management work in 2014 and provide more loss control services to County agencies.

**2013 / 2014 Mid-Biennial Proposed Financial Plan
Insurance Fund Financial Plan**

	2012 Actual¹	2013 Adopted	2014 Adopted²	2013 Estimated³	2014 Estimated⁴	2015 Projected⁵	2016 Projected⁵
Beginning Fund Balance	83,637,893	77,238,230	77,469,009	87,518,491	90,690,188	89,935,061	89,307,748
Revenues							
Interfund Charges	31,525,784	33,166,146	33,629,099	33,166,146	33,629,099	34,974,263	36,373,233
Interest Revenue	382,589	290,560	299,506	393,833	362,761	449,675	535,846
Judgments/Settlements	873,742						
Other Miscellaneous Revenues	80,177	-	-			-	-
Total Revenues	32,862,292	33,456,706	33,928,605	33,559,979	33,991,860	35,423,938	36,909,080
Total Biennial Revenues			67,385,311		67,551,839		72,333,018
Expenditures							
Claims Costs	(21,376,503)	(17,857,000)	(18,392,710)	(15,000,000)	(18,392,710)	(20,217,000)	(20,743,000)
Cat Loss Insurance Recoveries	3,762,421						
Insurance Premiums	(7,178,198)	(7,517,862)	(8,057,270)	(7,213,217)	(8,057,270)	(8,241,781)	(8,436,288)
Prosecutors and ORM Overhead	(3,885,596)	(5,031,675)	(5,366,191)	(5,031,675)	(5,487,025)	(5,612,678)	(5,745,137)
Transfers to Other Funds (MARR)	(333,202)	(343,390)	(353,692)	(343,390)	(353,692)	(361,792)	(370,330)
Total Expenditures	(29,011,078)	(30,749,927)	(32,169,863)	(27,588,282)	(32,290,697)	(34,433,251)	(35,294,754)
Total Biennial Expenditures			(62,919,790)		(59,878,979)		(69,728,005)
Other Fund Transactions							
Prepaid Insurance Adjustment ⁶	29,384						
Actuarial Additional Incurred Losses (Current Year) ⁷		(2,476,000)	(2,456,290)	(2,800,000)	(2,456,290)	(1,618,000)	(1,811,000)
Total Other Fund Transactions	29,384	(2,476,000)	(2,456,290)	(2,800,000)	(2,456,290)	(1,618,000)	(1,811,000)
Total Biennial Other Fund Transactions			(4,932,290)		(5,256,290)		(3,429,000)
Ending Fund Balance	87,518,491	77,469,009	76,771,461	90,690,188	89,935,061	89,307,748	89,111,074
Reserves							
Mandated & Rate Stabilization Reserves							
Actuarial Reserve for Losses Incurred (Prior Years) ⁸	(74,044,000)	(68,537,000)	(68,537,000)	(68,537,000)	(71,337,000)	(73,793,290)	(75,411,290)
Rate Stabilization Reserve ⁹	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Total Reserves	(89,044,000)	(83,537,000)	(83,537,000)	(83,537,000)	(86,337,000)	(88,793,290)	(90,411,290)
Reserve Shortfall ¹⁰	1,525,509	6,067,991	6,765,539				1,266,770
Ending Undesignated Fund Balance	0	-	-	7,153,188	3,598,061	514,458	(33,446)

Financial Plan Notes:

¹ 2012 Actuals are based on EBS and CAFR.

² 2014 Adopted includes a revenue inflation assumption 2% per and an expenditure inflation of 5% based on projected claim payouts, insurance premiums and cost of living adjustments.

³ 2013 Estimated is based on updated revenue and expenditure data as of 8/30/2013. Expenditure data is based on projected claim payout trends.

⁴ 2014 Estimated includes a 2013-2014 mid-biennial update request in the amount of \$120,834 to add an Enterprise Risk Management Analyst position.

⁵ 2015 and 2016 revenues include a 4% increase to cover the cost of claim payouts, insurance premiums and inflation. Claim Costs include a 10% and 2.6% increase respectively and are projected based on the actuarial estimate taking into account claim trends and inflation. Other expenditures include a 2.29% and 2.36% increase respectively per August 2013 OEFA forecast.

⁶ Prepaid insurance adjustment based on premiums paid for future years.

⁷ Actuarial Additional Incurred Losses are based on actuarial estimate of incurred losses less estimated claims to be paid in each respective year.

⁸ Reserve is per the actuarial reserve recommendation for losses limited to the self-insured retention level (currently \$7.5 million) and is based on County loss history.

⁹ Rate stabilization reserve calculated at 2 losses with our current SIR level (\$7.5 million x 2). This will lessen the impact on agency rates if catastrophic losses occur.

¹⁰ The reserve shortfall may be reduced if our losses develop better than expected. King County is implementing Enterprise Risk Management to aid in minimizing losses.

Wastewater Capital Improvement Program

The mission of the Wastewater Treatment Division (WTD) is to protect public health and enhance the environment by treating and reclaiming water, recycling solids and generating energy. In accordance with WTD's mission, the objectives of the wastewater capital program are to:

- Ensure continued operation and reliability of existing wastewater conveyance and treatment assets;
- Enhance regional water quality in compliance with federal, state, and local regulations;
- Provide sufficient wastewater conveyance and treatment capacity to meet the long-term needs of people and businesses in the WTD service area; and
- Facilitate the creation of resources from wastewater.

The WTD Capital Improvement Program furthers the King County Strategic Plan's (KCSP) Environmental Sustainability Goal, in particular Objective 1: "protect and restore water quality, biodiversity, open space, and ecosystems". The projects in this mid-biennial adjustment appropriation align closely with the KCSP Financial Stewardship Objective 1: "keep the county's cost of doing business down, including keeping growth in costs below the rate of inflation" and Objective 2: "plan for the long-term sustainability of county services".

MID-BIENNIAL ADJUSTMENT HIGHLIGHTS

To ensure we are meeting capital priorities, WTD critically reviews project scopes, schedules, cash flow projections, and risk analyses to ensure that projects addressing the most critical current needs are funded. Seven new projects received high priority scores based on this review and are included in this Proposed Mid-Biennial adjustment. This adjustment includes mid-biennial adjustment appropriation of \$30,853,338 to fund these seven new capital projects and an appropriation transfer of \$5,252,286 from the master Combined Sewer Overflow (CSO) Control Planning project to establish four standalone CSO Control / Green Stormwater Infrastructure (GSI) projects.

The funding for the new projects became available due to changes in the 2013-2014 schedules and spending plans of several large capital projects, including North Mercer & Enatai (1116800), Lake Hills NW Lake Sammamish (1116801) and Sediment Management Plan (1037810). The updated schedules resulted in planned spending for these projects moving from the 2014-2016 period into 2017-2019+ period. The planned spending decrease in the earlier period allows for the new projects to be started while the planned spending increase in the later period is offset by an equivalent decrease in the long-term place holder project maintained for this purpose.

The need to create four standalone projects from the CSO Control Planning project is to bring four sites – University, Montlake, 11th Avenue NW, and W. Michigan/Terminal 115 – into compliance with the CSO control standard of one event per year over a 20-year moving average. Under the CSO Long Term Control Plan, GSI is identified as a means to reduce the size of the CSO storage tanks at these sites.

In the WTD Financial Plan, rate stabilization revenue has been reduced by \$7.6 million for the 2013-2014 biennium, compared to previous projections. Rate Stabilization revenue was added to total operating revenues in the original biennium forecast to produce debt-service coverage ratios adequate to meet all bond covenant and financial policy requirements. In light of the increase in operating revenues and the reduction of debt service indicated above, the need for rate-stabilization revenue in 2013 is reduced. The financial plan now reflects the \$7.6 million being used in 2015 and 2016.

The 2013 / 2014 Adopted Budget for the WTD Capital Improvement Program is \$451,689,370. If adopted, this mid-biennial adjustment appropriation would bring the total 2013 / 2014 budget to \$482,542,708.

Significant projects in the capital request include:

New Capital Projects

The following are the seven new capital projects requested in the Proposed Mid-Biennial adjustment:

STP Digester Roof Equipment Replacement: \$3,538,148

This project will implement safety and operational modifications to three digesters that have reached the end of their service life at the South Treatment Plant.

STP IPS High Voltage Switchgear Replacement: \$464,582

This project is to replace the “A” switchgear at the South Plant Influent Pump Building that has been in service for 49 years, well beyond its estimated useful life.

STP Grease Co-digestion: \$528,924

This appropriation will fund the design and installation of a 30,000 gallon “brown” (restaurant) grease receiving station at the South Treatment Plant to process the grease into renewable biogas. The production of additional biogas is projected to exceed operations and maintenance costs and result in additional revenue for WTD and King County.

East Side Interceptor Section 4 Lining: \$3,755,723

This project will reline a severely corroded section of the East Side Interceptor. Further corrosion can cause structural failure of the pipe.

North Creek Overflow Control: \$3,499,998

This project will investigate and correct Infiltration/Inflow issues along the North Creek Interceptor that resulted in backups at two homes during the last wet season.

North Beach PS/FM Capital Improvements: \$2,300,963

This new pump station / force main improvement project will provide reliable conveyance capacity at the North Beach Pump Station and its associated facilities. This project will be coordinated with the North Beach CSO Storage Facility capital improvement project.

Brandon/Michigan CSO: \$16,765,000

This new CSO Control project will design and construct a Wet Weather Treatment Facility (WWTF), conveyance pipeline and outfall to treat CSOs prior to discharge into the Lower Duwamish Waterway, consistent with the CSO long term control plan and the recent CSO Consent Decree. Ancillary facilities include an odor control facility, electrical/controls building, and emergency generator.

New Standalone CSO Projects

The following are the four new standalone CSO projects requested in the Proposed Mid-Biennial adjustment. None of these facilities meet the control standard of one (1) event per year over a 20-year moving average. The CSO Long Term Control Plan has identified GSI as a way to reduce the size and costs of the storage facilities at these locations.

University GSI: \$2,127,760

Montlake GSI: \$2,031,627

11th AVE NW GSI: \$371,326

W Michigan/Terminal 115 GSI: \$721,573